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## Czech Republic

### Wine

### Market Update

### 2004

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**Report Highlights:**

Exports of U.S. wine to the Czech Republic are growing rapidly with further increases expected. The Czech Republic imports about half of its total wine consumption. Wine has partially replaced traditional Czech beer, and with higher disposable income, higher quality wines and new world wines are becoming more popular. After EU accession on May 1, 2004, the import tariff rate for wine dropped from 35% to 7 to 8%.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Vienna [AU1]  
[EZ]

### Wine growing and processing

Viticulture has a thousand year tradition in the Czech Republic and represents about 2 percent of total agricultural production. There are two wine growing regions in the Czech Republic (Bohemia and Moravia) with sixteen legally recognized appellations covering about 12,500 hectares. The South-Moravian Region alone covers 96% of the wine-growing area in the Czech Republic. Around 48% of growers grow wine for non-commercial purposes. A total of 97% of all growers have a vineyard area of less than one hectare. The average grape yield fluctuates around 5.9 t/ha. Production of organic wine grapes represents about 0.5 percent of total vineyard area but is expected to grow.

There are many wine processors; however, only about 20 companies hold a major market share. These are mostly joint-stock companies and limited liability companies. Farmers' share in these companies is fractional. Wine processors do not own any vineyards and buy all grapes. They also bottle imported wine in kegs. Most of the wine produced by these companies is sold in retail. Grape growers that process grapes from their own vineyards have a lower than 20% market share, but produce a higher quality wine, which goes mainly to restaurants and wine bars.

### **Wine legislation**

The first wine-growing law was introduced in the territory of today's Czech Republic in 1907. Since then there have been several wine laws. Current Act on Viticulture and Wine Growing 321/2004 is harmonized with the regulations (directives and recommendations) of the European Union (EU). This act is overruled by EU's regulations and decisions, which apply directly. The Czech Republic is included in the wine-growing zone A, which means a transitional period for full harmonization with the EU in the wine sector. The first exception is for vineyard planting up to 2008 in order to increase vineyard areas to the level of 1989, the second exception concerns introduction of domestic seedlings on the Czech market until 2011.

The following are traditional varieties of grapes for **white wines**:

- "Veltlinske" (Veltliner) - 13 percent of total vineyard area
- "Muller Thurgau" - 17 percent
- "Ryzlink Vlassky" (Welschriesling) - 13 percent
- "Ryzlink Rynsky" (Rheinriesling) - 5 percent

The following are traditional varieties of grapes for **red wines**:

- "Svatovavrinecke" (Saint Laurent) - 10 percent
- "Frankovka" (Lemberger, Blaufrankisch) - 5 percent
- "Zweigeltrebe" - 2 percent
- "Modry Portugal" (Blauer Portugieser) - 1 percent
- "Andre" - 1 percent

Some wine growers offer varieties that are typically found in southern growing areas (such as Cabernet) but quality tends to suffer due to the Czech Republic's cooler weather.

### **Consumption and trade**

The annual wine consumption has increased from 13 liters per capita in 1989 to over 17 liters last year, replacing hard liquors and partially traditional beer (even though it still holds priority in consumption – over 150 liters). A further increase in consumption and consumer migration to higher quality wines is expected to continue.

The Czech Republic produces more white wine than red, and due to the geographical conditions the quality of white wine is higher than of the red wine. Over 55% of the wine consumed in the Czech Republic is imported. Since demand for red wine has increased in recent years, more red wine than white wine is imported.

In 2003, the Czech Republic imported \$60 million, a 34% increase compared to the previous year and a 168% increase since 1999. Roughly half of the imported wine is in bottles, while the remaining half is sold in barrels.

**Top 16 wine exporters to the Czech Republic:**

Country	Import in 2003 (in \$1,000)	Import in 2002 (in \$1,000)	% change 2003/2002	Import in 2004 Jan-April (in \$1,000)
Italy	11,778	9,902	18.9 %	3,139
Austria	8,330	3,561	134 %	1,578
Slovakia	8,274	7,328	12.9%	2,614
France	7,492	4,957	51.1%	1,916
Spain	6,240	6,204	0.6%	1,496
Hungary	5,625	5,219	7.8%	1,780
Chile	2,012	1,107	81.2%	1,350
Bulgaria	1,769	1,021	73.3%	611
Romania	958	1,135	(18%)	274
Macedonia	899	1,211	(35%)	457
Australia	897	426	110%	443
Argentina	876	130	573%	372
Portugal	801	493	92%	234
Germany	769	318	142%	137
<b>United States</b>	<b>457</b>	<b>211</b>	<b>217%</b>	<b>303</b>
South Africa	392	271	44.6%	177

Note: This table does not take into account transshipments – e.g. wine imported from Germany includes wine from other countries purchased in Germany, therefore U.S. import data are probably much higher, our estimate is around \$700,000.

New world wines have taken the market by storm, and U.S. suppliers have not benefited proportionally **yet**. The attachment shows import of wine from the new world (Argentina, Chile, U.S., Australia, and South Africa) in the past five years. Imports from these countries shows a much faster pace than from traditional countries.

**As a member country of the EU the Czech Republic applies EU's import tariffs.** For information see:

[http://europa.eu.int/comm/taxation\\_customs/dds/cgi-bin/tarchap?Lang=EN](http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN)

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